

"The Future of Physical and Cyber Security"

National Defense Industry Association

**"The Security Challenge to Our National
and Global Transportation Infrastructures"**

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KEY PLAYERS IN TRANSPORTATION SECURITY

- shippers
- carriers
- insurers
- logistics providers
- freight forwarders
- loss surveyors
- security companies

TRANSPORTATION CRIME

- US--\$10-\$12 billion annual loss
- Global--\$30-50 billion annual loss
- No central records or data base
- Level of crime increasing
- Little cargo ever recovered
- Few crooks prosecuted

"The theft of cargo has become so widespread that it constitutes a serious threat to the flow of commerce in the United States."

(FBI Internal Report)

Why the High Increase in Transportation Crime?

- Breakup of the Soviet Union
- New breed of international cargo crook
- Entrance of international syndicates
- A low risk, high payoff crime.
- Economic destabilization

The New Transportation Criminal

- Smarter**
- More Ruthless**
- High Tech**
- Lateral Transfer of Expertise**
- Better Trained & Prepared**
- Nationally Networked**
- Internationally Backed**

TRANSPORTATION:

The Mob's Common Denominator

- Drugs**
- Theft**
- Money laundering**
- Terrorism**
- Smuggling**
- Diversion**

THE NEW TRANSPORTATION SECURITY ENVIRONMENT

- Foreign instability
- Shifting markets
- International crime syndicate networks
- Legal loopholes and lax prosecution
- High tech targets

CHALLENGES

- **Accelerated Changes Taking Place**
- **Rise of Sophisticated Threats**
- **Introduction of Security Programs**
- **Need for Innovative Technical Solutions**

KEY FACTORS IN MEETING THE CHALLENGE

- **Relationship of Cyber and Physical Security**
- **Government Industry Cooperation**
- **Piecemeal Introduction of Security Programs**
- **Globalization of Trade**

Critical Cyber Changes in Transportation Industry

- E-commerce is accelerating change in people, systems and equipment
- Electronic integration of shipments
- Focus on information technology
- Logistics management

“I don’t Know what the hell this ‘logistics’ is that Marshall is always talking about, but I want some of it!”

CNO E.J. King to a staff officer, 1942

NEW SKILL REQUIREMENTS IN THE IT AREA

- Enterprise Resource Planning (ERP)
- Supply Chain Management
- Just-in-Time Delivery (JIT)
- Third Party Logistics Management (3PL)
- Business-to-Business shipments (B2B)
- Business-to-Customer shipments (B2C),
- Knowledge Management (KM)
- Data Mining (DM)

TRANSPORTATION SECURITY ISSUES

- *Develop effective cargo theft reporting systems*
- *Strengthen laws and prosecution*
- *Improve Understanding the Nature of Transportation Crime*
- *Build Transportation Theft Task Forces*
- *Increase Law Local Enforcement Expertise*
- *Introduce More Effective Security Technology*

What Lies Ahead

- Syndicates will increase their illegal transportation activities
- Law enforcement will be hard pressed to disrupt international syndicates
- Overhauling and auditing of transportation security systems will be an important growth area